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PAGE 01 STATE 197385
ORIGIN IO-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY: IO/IEP:EBRUCE/AD

APPROVED BY: IO:ESWOPE

-----095762 191143Z /12

R 190052Z AUG 77

FM SECSTATE WASHDC

TO USMISSION GENEVA

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FOLLOWING TEL SENT ACTION SECSTATE INFO EC BRUSSELS, USUN NEW
YORK, OECD PARIS FROM CARACAS AUG 15:

QUOTE LIMITED OFFICIAL USE CARACAS 8101

EO 11652 NA

TAGS: UN ECOSOC EGEN VE

SUBJ: US-VENEZUELAN CONSULTATIONS ON NORTH-SOUTH
ISSUES IN CONNECTION WITH AMBASSADOR YOUNG'S VISIT

USUN REPEAT TO AMBASSADR WELLS.

SUMMARY: US-VENEZUELAN CONSULTATIONS IN CONNECTION WITH
VISIT OF AMBASSADOR YOUNG TO CARACAS REVEALED
THAT VENEZUELAN FOUND MIXED VIEWS AMONG DEVELOPING
COUNTRIES ABOUT A SPECIAL ECONOMIC COMMITTEE OF
THE UN GENERAL ASSEMBLY COMPOSED OF 30 TO 35 COUNTRIES
TO PROVIDE A CONTINUATION AND OVERVIEW OF THE NORTH-
SOUTH DIALOGUE. VENEZUELAN SEEMED DISINCLINED TO
PUSH THE IDEA AT THIS STAGE. THEY AGREED WITH US
THAT THE QUESTIONS OF AN OVERVIEW MECHANISM AND OF
FOLLOW-UP ON INDIVIDUAL CIEC ISSUES SHOULD NOT BE
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RESLVED AT THE RESUMED 31ST UNGA SEPT 13-16.
DISCUSSION OF CIEC FOLLOW-UP SHOULD BE PLACED ON
AGNEDA OF COMMITTEE TWO OF 32ND GENERAL ASSEMBLY ON
SPECIFIC DATES WHICH MAY BE AGREED AT RESUMED 31ST
SESSION. RESUMED SESSION SHOULD PROVIDE AN ASSESSMENT
OF CIEC AND AFFIRM THAT THE NORTH-SOUTH DIALOGUE
SHOULD BE CONTINUED LARGELY IN THE UN CONTEXT.

IN DISCUSSIONS ABOUT VENEZUELAN APPEAL FOR US SUPPORT OF ANDEAN REGIONAL INTEGRATION EFFORTS, US SUGGESTED WE MIGHT FOCUS UNCTAD MINISTERIAL MEETING NEXT JANUARY ON STRENGTHENING REGIONAL ECONOMIC COOPERATION. VENEZUELANAS STRONGLY SUPPORTED THIS SUGGESTION, BUT CAUTIONED THAT THE UNCTAD MINISTERIAL SHOULD ALSO FOCUS ON DEBT PROBLEMS OF DEVELOPING COUNTRIES. COMMENTS OF SOME VENEZUELAN OFFICIALS INDICATED THAT OPEC MAY BE THINKING OF AN OIL PRICE INCREASE IN DECEMBER, WHICH THEY MAY JUSTIFY IN PART BY THE EROSION OF THE VALUE OF THE US DOLLAR. END SUMMARY.

1. ON THE MORNING OF AUG 12, PRIOR TO AMBASSADOR ANDREW YOUNG'S ARRIVAL IN CARACAS, VENEZUELAN MINISTER OF STATE MANUEL PEREZ GUERRERO AND US DEPUTY ASSISTANT SECRETARY CHARLES FRANK (IO) DISCUSSED CIEC FOLLOW-UP AND RELATED NORTH-SOUTH ISSUES. THESE DISCUSSIONS WERE FOLLOWED BY CONSULTATIONS BETWEEN AMBASSADOR YOUNG AND PRESIDENT CARLOS ANDRES PEREZ IN AN AFTERNOON MEETING THE SAME DAY, AND IN A WORKING BREAKFAST NEXT MORNING WHICH COVERED NORTH-SOUTH AS WELL AS OTHER ISSUES. DISCUSSION OF OTHER ISSUES BEING REPORTED IN SEPTELS.

2. MORNING DISCUSSIONS ON AUG 12 BEGAN WITH JULIO GIL AND TER HORST OF STAFF OF MINISTER PEREZ GUERRERO. LIMITED OFFICIAL USE

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THE MINISTER JOINED THE MEETING AT ABOUT MID-POINT. DEPUTY ASSISTANT SECRETARY FRANK WAS ACCOMPANIED BY EMBASSY OFFICIAL ROBERT MORLEY. TOPICS AT MORNING SESSION INCLUDED CIEC FOLLOW-UP, THE COMMON FUND AND THE NEW INTERNATIONAL ECONOMIC ORDER.

3. FRANK SUGGESTED THAT THE RESUMED 31ST SESSION OF THE UN GENERAL ASSEMBLY, SEP 13-16, WAS TOO BRIEF TO ACCOMPLISH AGREEMENT ON ALL THE CIEC FOLLOW-UP ISSUES. THE RESUMED SESSION MIGHT PRODUCE A RESOLUTION THAT HAD TWO BASIC PARTS -- A BALANCED ASSESSMENT OF CIEC AND AN AGREEMENT THAT THE CIE ISSUES WOULD BE FOLLOWED UP LARGELY WITHIN THE UN CONTEXT. WE PROBABLY SHOULD NOT ATTEMPT AT THE RESUMED SESSION TO REACH AGREEMENT ON FOLLOW-UP PROCEDURES FOR EACH OF THE INDIVIDUAL CIEC ISSUES OR ON ANY OVERVIEW MECHANISM FOR THE NORTH-SOUTH DIALOGUES. THESE ISSUES MIGHT BETTER BE REFERRED TO THE 32ND SESSION OF THE UN GENERAL ASSEMBLY. AT THE RESUMED SESSION, WE MIGHT ALSO DECIDE ON SOME SPECIFIC DATES FOR DISCUSSIONS OF CIEC FOLLOW UP IN COMMITTEE TWO OF THE 32ND UNGA.

4. MINISTER PEREZ-GUERRERO AND HIS STAFF SUPPORTED THIS BASIC APPROACH, AND THE MINISTER ENDORSED STRONGLY THE IDEA OF SETTING SOME DATES FOR DISCUSSIONS IN COMMITTEE TWO. THE MINISTER REPORTED ON SOME SOUNDINGS HE HAD MADE AMONG DEVELOPING COUNTRIES ON THE QUESTION OF AN OVERVIEW MECHANISM, IN PARTICULAR THE IDEA DISCUSSED BETWEEN PRESIDENT CARTER AND PRESIDENT PEREZ OF A SPECIAL ECONOMIC COMMITTEE OF THE UN GENERAL ASSEMBLY COMPOSED OF 30 TO 35 MEMBERS. THE VENEZUELAN HAD SUGGESTED THE NUMBER 35 BASED ON THE ASSUMPTION THAT THE EUROPEAN COMMUNITY WOULD NOT WISH TO BE REPRESENTED AS A SINGLE ENTITY, AND THAT THREE EASTERN EUROPEAN COUNTRIES PLUS CHINA WOULD BE RE-LIMITED OFFICIAL USE

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PRESENTED. THUS THE G-8 MIGHT BE EXPANDED TO 12 INDUSTRIALIZED COUNTRIES TO ACCOMMODATE 5 COUNTRIES FROM THE EUROPEAN COMMUNITY. COMBINED WITH 19 DEVELOPING COUNTRIES AND 4 CENTRALLY PLANNED ECONOMIES, THE TOTAL IS 35. IF THE EC WERE REPRESENTED AS A SINGLE ENTITY, THEN THE NUMBER WOULD BE 31. ON SOME SOUNDINGS HE HAD TAKEN RECENTLY IN GENEVA, HOWEVER, IT SEEMED AS THOUGH THE IDEA WAS NOT VERY POPULAR AMONG THE DEVELOPING COUNTRIES. THE G-19 WOULD SUPPORT THE CONCEPT, BUT IN ORDER TO ATTRACT THE REST OF THE G-77, IT WOULD BE NECESSARY TO REPLACE SOME OF THE G-19 WITH OTHER COUNTRIES. IT WAS DIFFICULT, HOWEVER, TO THINK WHICH COUNTRIES AMONG THE G-19 COULD BE REPLACED. THUS THE VENEZUELAN SUGGESTED THAT WE BE FLEXIBLE AND NOT RULE OUT OTHER POSSIBILITIES FOR AN OVERVIEW MECHANISM. THEY DID FEEL, HOWEVER, THAT SOME SORT OF OVERVIEW MECHANISM WAS DESIRABLE TO LINK THE NORTH-SOUTH ISSUES. THEY ALSO EMPHASIZED THE NEED TO PUT SOME TIME LIMITS ON THE NEXT STAGE OF THE NORTH-SOUTH DIALOGUE IN ORDER TO EMPHASIZE THE NEED TO ACHIEVE QUICK RESULTS BECAUSE OF THE URGENCY OF THE PROBLEMS WITH WHICH WE WERE FACED. THEY THOUGHT THAT IF IT WERE NOT POSSIBLE TO HAVE A FORMAL RESTRICTED BODY, IT WOULD BE DESIRABLE TO HAVE INFORMAL CONTACT GROUPS IN THE UN CONTEXT.

5. FRANK RESPONDED THAT WE CLEARLY PREFERRED THE VENEZUELAN IDEA COMPARED WITH SOME OF THE IDEAS FOR AN OVERVIEW MECHANISM BEING DISCUSSED AMONG OTHER DEVELOPING COUNTRIES. WE ALSO FELT, HOWEVER, THE NEED TO BE FLEXIBLE. IF A SPECIAL ECONOMIC COMMITTEE WAS NOT ACHIEVABLE, THEN PERHAPS WE OUGHT TO TAKE A CLOSER LOOK AT SOME IDEAS TO USE ECOSOC IN A MORE LIMITED OFFICIAL USE

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ACTIVE MANNER IN THE NORTH-SOUTH DIALOGUE. FRANK SAID THAT WE DID NOT LIKE THE IDEA THAT AN OVERVIEW MECHANISM WOULD LINK THE VARIOUS NORTH-SOUTH ISSUES. WE DO NOT BELIEVE THAT PROGRESS IN ONE AREA OF THE DIALOGUE WOULD BE LINKED TO PROGRESS IN ANOTHER AREA. WE DID RECOGNIZE, HOWEVER, THAT CONSTRUCTIVE DISCUSSIONS OF PROBLEMS OF DEVELOPMENT REQUIRED A CONSIDERATION OF THE FULL RANGE OF POLICY ISSUES -- TRADE, INVESTMENT, RESOURCE TRANSFERS, TECHNOLOGY, ETC. WE ARE ALSO POISED TO SETTING UP RIGID AND ARTIFICIAL TIME DEADLINES FOR RESULTS IN THE NORTH-SOUTH DIALOGUE. TIMING OUGHT TO DERIVE FROM SERIOUS CONSIDERATION OF THE SUBSTANTIVE ISSUES; IN SOME AREAS PROGRESS MIGHT BE POSSIBLE QUICKLY WHILE IN OTHERS THERE MAY BE WIDE DIFFERENCES OF VIEW OR DOMESTIC POLITICAL REALITIES WHICH REQUIRE A SLOWER PACE FOR CONSTRUCTIVE RESULTS TO EMERGE. WE RECOGNIZE, HOWEVER, THAT THE FINISHING OF PREPARATIONS FOR THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE NEXT DEVELOPMENT DECADE PROVIDED A KIND OF NATURAL TIME FOR TAKING STOCK OF RESULTS SINCE CIEC AND SETTING NEW GOALS FOR FURTHER PROGRESS IN THE DIALOGUE.

6. PEREZ GUERRERO SAID THAT RATHER THAN USE THE WORD "LINK", WE MIGHT BETTER SAY THAT THE VARIOUS NORTH-SOUTH ISSUES ARE INTERDEPENDENT. JUST AS COUNTRIES ARE ECONOMICALLY INTERDEPENDENT, GLOBAL ECONOMIC ISSUES ARE INTERDEPENDENT. HE WAS NOT ENTHUSIASTIC ABOUT THE IDEA OF USING ECOSOC AS AN INTEGRAL PART OF THE NORTH-SOUTH DIALOGUE. ECOSOC HAS HAD SUCH A SORRY HISTORY THAT IT MIGHT BE DIFFICULT TO CHANGE ATTITUDES TOWARD IT. HE ASKED WHAT WE THOUGHT ABOUT IDEAS TO USE THE SECOND COMMITTEE OR THE GENERAL ASSEMBLY IN AN OVERVIEW CAPACITY.

7. FRANK RESPONDED THAT WE ALSO HAVE SERIOUS DOUBTS
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ABOUT THE EFFECTIVENESS OF ECOSOC. PERHAPS ECOSOC WAS A BODY IN SEARCH OF A MISSION AND IF WE GAVE IT A SERIOUS MISSION TO UNDERTAKE IT MIGHT REVIVE ITSELF AS AN INSTITUTION. COMMITTEE TWO AND THE GENERAL ASSEMBLY ARE TOO LARGE FOR EFFECTIVE DISCUSSION OF SUBSTANTIVE ISSUES. ECOSOC, HOWEVER, REPORTS TO COMMITTEE AND INITIAL AGREEMENTS ON ISSUES DISCUSSED

IN ECOSOC COULD BE REFERRED TO COMMITTEE TWO AND THE GENERAL ASSEMBLY FOR FINAL ADOPTION. THERE IS NOT EFFECTIVE DISTINCTION BETWEEN COMMITTEE TWO AND THE GENERAL ASSEMBLY. RESOLUTIONS AGREED IN COMMITTEE TWO ARE ADOPTED PRO-FORMA BY THE GENERAL ASSEMBLY IN ORDER TO USE EITHER ECOSOC OR COMMITTEE TWO EFFECTIVELY, THEIR AGENDAS HAVE TO BE REFORMED. THEIR AGENDAS CURRENTLY ARE CLUTTERED BY AN INCREDIBLE RANGE OF ISSUES FROM THE VERY TRIVIAL TO THE PROFOUND. SERIOUS SUBSTANTIVE DISCUSSIONS OF ECONOMIC POLICY ISSUES SHOULD BE CONCENTRATED OVER A FEW DAYS AND DEFINITE DATES SET FOR THESE DISCUSSIONS AT ECOC SUMMER SESSION IN GENEVA AND DURING UN GENERAL ASSEMBLY SESSION IN NEW YORK DURING THE FALL. IN THIS WAY WE MAY BE ABLE TO ATTRACT IMPORTANT ECONOMIC POLICY MAKERS FROM CAPITALS TO PARTICIPATE IN THE DISCUSSIONS.

8. WE AND THE VENEZUELAN AGREED THAT THE ISSUE OF AN OVERVIEW MECHANISM SHOULD NOT BE RESOLVED AT THE RESUMED 31ST SESSION OF THE UNGA. RATHER, THIS ISSUE AND THE QUESTION OF FOLLOW-UP ON THE INDIVIDUAL CIEC ISSUES SHOULD BE LEFT TO RESOLUTION IN COMMITTEE TWO DURING A SPECIFIC TIME PERIOD, PERHAPS IN OCTOBER, AFTER THE G-77 MINISTERIAL ON SEP 28 OR 29 AND AFTER THE MAJOR SPEECHES IN THE UN GENERAL DEBATE.

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9. PEREZ GUERRERO SAID THAT THE NOVEMBER NEGOTIATIONS ON THE COMMON FUND ARE IMPORTANT TO THE SUCCESS OF THE GENERAL ASSEMBLY. AN AGREEMENT ON THE COMMON FUND WOULD GIVE A BIG PSYCHOLOGICAL BOOST TO THE DIALOGUE.

10. FRANK REPLIED THAT THE COMMON FUND DISCUSSIONS SEEMED PAST THE POLITICAL PHASE AND INTO A MORE TECHNICAL PHASE. THE TECHNICAL ISSUES WERE EXCEEDINGLY COMPLEX AND IT WOULD BE VERY DIFFICULT TO REACH AN AGREEMENT IN NOVEMBER. THERE WERE STILL MANY DIFFERENCES AMONG BOTH THE DEVELOPED COUNTRIES AND THE DEVELOPING COUNTRIES AND PROBABLY THE BEST TO BE EXPECTED IN NOVEMBER WOULD BE A NARROWING OF THE DIFFERENCES BETWEEN THE TWO GROUPS AND WITHIN THE GROUPS. GIVEN THE TECHNICAL COMPLEXITY OF THE COMMON FUND ISSUE, IT WILL REQUIRE CONSIDERABLE DISCUSSION AND EDUCATION WITH THE US CONGRESS IF WE ARE TO OBTAIN AN AGREEMENT WHICH THE CONGRESS WILL ACCEPT.

11. PEREZ GUERRERO BRIDLED AT THE SUGGESTION THAT WE

COULD NOT REACH FULL AGREEMENT ON A COMMON FUND IN NOVEMBER, BUT SEEMED TO TAKE THE POINT THAT IT WOULD NOT BE POSSIBLE.

12. PEREZ GUERRERO SAID THE DEVELOPING COUNTRIES WELCOMED THE ECOSOC SPEECH OF ANDREW YOUNG IN WHICH THE US ACCEPTED THE IDEA OF THE NEW INTERNATIONAL ECONOMIC ORDER. PEREZ GUERRERO SAID THAT WE HAD TO BUILD THE NEW ORDER TOGETHER, THAT THE NIEO WAS NOT A PREFABRICATED CONCEPT, BUT HAD TO BE BUILT FROM THE FOUNDATION UP WITHOUT A FIXED BLUEPRINT.

13. FRANK SAID THAT WE WELCOMED THE GROWING TENDENCY AMONG DEVELOPING COUNTRIES TO VIEW THE NEW INTERNATIONAL ECONOMIC ORDER AS AN EVOLVING CONCEPT; THE CONCEPT SHOULD NOT BE CAST IN CONCRETE.

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NATIONAL ECONOMIC ORDER AS AN EVOLVING CONCEPT; THE CONCEPT SHOULD NOT BE CAST IN CONCRETE.

14. THE QUESTION OF CIEC FOLLOW-UP WAS RAISED BY PRESIDENT PEREZ AT THE AFTERNOON SESSION WITH AMBASSADOR YOUNG. PRESIDENT PEREZ ASKED MINISTER PEREZ GUERRERO TO SUMMARIZE WHERE THE ISSUE STOOD. THE MINISTER COVERED MUCH OF THE SAME GROUND AS IN THE MORNING DISCUSSION. AMBASSADOR YOUNG SAID THAT WE SUPPORTED THE IDEA OF A SPECIAL ECONOMIC COMMITTEE, BUT WE WERE FLEXIBLE ON THE EXACT FORM WHICH THE CONTINUATION OF THE NORTH-SOUTH DIALOGUE SHOULD TAKE. HE PERSONALLY FAVORED, HOWEVER, THE IDEA THAT MINISTERS WOULD MEET FROM TIME TO TIME TO DISCUSS NORTH-SOUTH ISSUES.

15. AMBASSADOR YOUNG ASKED HOW OFTEN THE VENEZUELAN THOUGHT THE SPECIAL ECONOMIC COMMITTEE WOULD MEET. MINISTER PEREZ GUERRERO THOUGHT THAT THE COMMITTEE MIGHT FUNCTION SOMEWHAT LIKE THE SECURITY COUNCIL AND BE THEORETICALLY IN CONTINUOUS SESSION. IT WOULD ACTUALLY MEET WHENEVER THERE WAS A SPECIFIC ISSUE OR PROBLEM TO BE DISCUSSED.

16. DURING MORNING SESSION AUG 12 AND IN SUBSEQUENT DISCUSSIONS WITH FRANK, PEREZ GUERRERO EXPRESSED STRONG DISAPPOINTMENT THAT UNDER SECRETARY RICHARD COOPER WAS NOT LIKELY TO ATTEND THE RESUMED 31ST UNGA. FRANK SAID THAT COOPER WOULD PROBABLY BE TIED UP IN SOUTHEAST ASIA ON A PRESIDENTIAL MISSION, BUT THAT PERHAPS PEREZ GUERRERO MIGHT MEET WITH COOPER IN WASHINGTON THE WEEK AFTER THE RESUMED SESSION. FRANK ALSO SAID THAT IT MIGHT BE POSSIBLE FOR LIMITED OFFICIAL USE

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MR COOPER TO ATTEND SOME OF THE COMMITTEE TWO DELIBERATIONS LATER IN THE FALL, BUT IT WOULD DEPEND ON SCHEDULING.

17. DURING THREE HOUR WORKING BREAKFAST ON AUG 13 WITH PRESIDENT PEREZ AND AMBASSADOR YOUNG, VENEZUELAN RAISED QUESTION OF US SUPPORT FOR ANDEAN COMMON MARKET. THEY SAID THAT THEY HAD NOT BEEN CERTAIN OF US SUPPORT FOR REGIONAL INTEGRATION EFFORTS.

18. AMBASSADOR YOUNG SAID THAT THIS US ADMINISTRATION SUPPORTED REGIONAL ECONOMIC INTEGRATION EFFORTS AND ASKED ABOUT RELATIONSHIP OF ANDEAN MARKET TO THE CARIBBEAN COMMON MARKET. DIRECTOR OF VENEZUELAN INSTITUTE OF TRADE, FIGUERERO, RESPONDED THAT IN LATIN AMERICA AND THE CARIBBEAN INTEGRATION WAS TAKING PLACE ON A REGIONAL BASIS, BUT THE CENTRAL AMERICAN COMMON MARKET HAD BEEN SET BACK BY THE HONDURAS-EL SALVADOR WAR AND THE ANDEAN GROUP BY THE WITHDRAWAL OF CHILE. IF THESE REGIONAL INTEGRATION EFFECTS COULD BE STRENGTHENED, THEN THE THREE GROUPINGS -- THE ANDEAN PACT, THE CENTRAL AMERICAN COMMON MARKET AND THE CARIBBEAN COMMON MARKET COULD FORM THE BASIS OF A LATIN AMERICAN INTEGRATION EFFORT. MEXICO, BRAZIL AND ARGENTINA WOULD BE MORE ATTRACTED TO LATIN INTEGRATION IF THE ALTERNATIVE WAS TO COMPETE WITH THE THREE STRONG REGIONAL ECONOMIC GROUPINGS.

19. FRANK SUGGESTED WE MIGHT USE THE UNCTAD MINISTERIAL MEETING NEXT JANUARY TO STRENGTHEN REGIONAL INTEGRATION EFFORTS. US HAD AN INTEREST IN STRENGTHENING REGIONAL COOPERATION IN THE CARIBBEAN AND IN THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN) AS WELL, AND THE MINISTERIAL SESSION OF THE LIMITED OFFICIAL USE

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UNCTAD TRADE AND DEVELOPMENT BOARD PRESENTED AN OPPORTUNITY TO PROVIDE SUPPORT FOR ALL OF THESE REGIONAL EFFORTS.

20. PRESIDENT PEREZ THOUGHT THAT THIS WAS AN EXCELLENT IDEA. HE SAID IT WOULD BE ESPECIALLY HELPFUL IF THE US COULD MAKE A MAJOR STATEMENT AT THIS MEETING SPELLING OUT ITS POLICY TOWARD REGIONAL INTEGRA-

TION. HE ASKED US TO WORK WITH MINISTER PEREZ GUERRERO TO ELABORATE THIS IDAE.

21. IN SUBSEQUENT DISCUSSIONS DURING TAND AFTER BREAKFAST WITH DEPUTY ASSISTANT SECRETARY FRANK, MINISTER PEREZ GUERRERO EXPRESSED CONCERN THAT THE UNCTAD MINISTERIAL QAS SUPPOSED TO FOCUS ON THE DEBT ISSUE. FRANK RESPONDED THAT THE MINISTERIAL WOULD CERTAINLY HAVE TO TRAT QUESTION OF DEBT BUT IT HAD ALWAYS BEEN THE US POSITION THAT THE MINISTERIAL AGENDA SHOULD BE BROADENED BEYOND DEBT. WE MGITH AS WELL USE THE MINISTERIAL TO TREAT OTHER ISSUES IN A WAY THAT IS IN THE INTEREST OF THE US AND VENEZUELA AS WELL AS OTHER DEVELOPED AND DEVELOPING COUNTRIES.

22. IN RECENT DISCUSSION WITHIN THE UNITED STATES GOVERNMENT, FRANK SAID, WE HAVE BEEN THINKING THAT THE UNCTAD OFFICIALS MEETING SEPTEMBER 5-9 SHOULD NOT SET A FINAL AGENDA FOR THE JANUARY MINISTERIAL. WE PROBABLY OUGHT TO WAIT FOR THE DISCUSSION OF CIEC FOLLOW-UP IN COMMITTEE TWO OF THE 32ND GENERAL ASSEMBLY BEFORE MAKING FINAL DECISIONS ON THE AGENDA. OUR PRELIMINARY THINKING, HOWEVER, WAS THAT THE MINISTERIAL MIGHT FOCUS ON THREE MAIN ISSUES --DEBT, REGIONAL ECONOMIC COOPERATION, AND COMMODITIES --AS WELL AS LIMITED OFFICIAL USE

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SOME OTHER ISSUES, SUCH AS THE PROBLEMS OF THE LEAST DEVELOPED. IF THE 32ND UNGA ASSIGNED OTHER TASKS TO UNCTAD, THESE MIGHT BE ADDED TO THE MINISTERIAL AGENDA.

23. PEREZ-GUERRERO SEEMED RELIEVED THAT WE WERE NOT PROPOSING TO DUCK COMPLETELY THE DEBT ISSUE AT UNCTAD AND INDICATED THEY COULD GENERALLY SUPPORT OUR VIEWS ON THE MINISTERIAL AGENDA. HE AND FIGUEREDO EMPAHSIZED, HOWEVER, THE NEED FOR ECONOMIC ASSISTANCE TO REGIONAL ECONOMIC INSTITUTIONS SUCH AS THE ANDEAN DEVELOPMENT CORPORATION (CORPORACION ANDINO DE FOMENTO) AND ASKED ABOUT POSSIBILITIES FOR U.S. BILATERAL ASSISTANCE. FRANK SAID THAT POSSIBILITIES OF SOME COOPERATION BETWEEN AID AND CAF COULD BE EXAMINED, BUT THE INTERNATIONAL FINANCIAL INSTITUTIONS WOULD BE A BETTER SOURCE OF FINANCE FOR LARGE REGIONAL DEVELOPMENT PROJECTS.

24. PEREZ GUERRERO ASKED IF WE WERE PLEASED WITH THE RESULTS OF ECOSOC ON THE ILLICIT PAYMENTS ISSUE. FRANK SAID THAT WE HAD HOPED TO GET A RESOLUTION ON

A 1978 DATE FOR A NEGOTIATING CONFERENCE, BUT WE
RECOGNIZED THAT WE PROBABLY ACHIEVED ALL THAT WE
COULD REALISTICALLY EXPECT OUT OF THE SUMMER ECOSOC.
PEREZ GUERRERO ASKED WHETHER WE HAD GOTTEN TO THE
MEXICANS. FIGUEREDO SAID GOVE HAD TRIED TO GET PARAGRAPH
SUPPORTING ILLICIT PAYMENTS INTO COMMUNIEUQ AT
BOGOTA MEETING OF HEADS OF STATE AUGUST 5-6, BUT WAS
UNSUCCESSFUL BECAUSE OF MEXICAN OPPOSITION. FRANK
POINTED OUT THAT WHILE MEXICANS HAD BEEN UNCO-
OPERATIVE INITIALLY, THEY HAD PROVED TO BE QUITE
HELPFUL TOWARD END OF ECOSOC MEETING IN GENEVA.
MEXICO IS TRYING TO USE THEIR SUPPORT OF ILLICIT
PAYMENTS AS A BARGAINING CHIP TO GAIN OUR SUPPORT OF
A CODE OF CONDUCT FOR TRANSNATIONAL CORPORATIONS.
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FRANK VOLUNTEERED THAT USG NOW LEANING TOWARD A BROAD
TNC CODE AS UMBRELLA AGREEMENT WITH ACTIONS ON ILLICIT
PAYMENTS TECHNOLOGY TRANSFER, RESTRICTIVE BUSINESS
PRACTICES, TAX TREATMENT, ETC. PARTS OF AGREEMENT
COULD BE MANDATORY AND OTHER PARTS VOLUNTARY, DEPENDING
ON WHAT GOVERNMENTS COULD AGREE TO. VENEZUELAN THOUGHT
THIS SEEMED LIKE A REASONABLE APPROACH TO THE CODE ISSUE.

25. PEREZ GUERRERO AND FIGUEREDO RAISED THE ISSUE OF
THE DECLINE OF THE VALUE OF THE U.S. DOLLAR, AND SAID
THAT OIL PRODUCERS WERE BECOMING CONCERNED ABOUT THE
EROSION OF THE PURCHASING POWER OF THEIR OIL EARNINGS
BECAUSE OF DECLINES IN THE VALUE OF THE DOLLAR.
FRANK ASKED WHETHER THE OPEC COUNTRIES
INTENDED TO USE THE DECLINE IN THE VALUE OF THE DOLLAR
AS AN EXCUSE FOR A PRICE INCREASE IN DECEMBER. THIS
EVOKE LITTLE MORE THAN A SMILE ON THE FACES OF THE
TWO VENEZUELAN. COMMENT: PERHAPS WE OUGHT TO
TAKE A LOOK NOW AT THE MACRO-ECONOMIC EFFECTS ON THE
GLOBAL ECONOMY OF VARIOUS POSSIBLE OIL PRICE INCREASES
IF IT IS NOT BEING DONE ALREADY. WE MIGHT ALSO
EXAMINE JUST HOW MUCH OF AN INCREASE THE OPEC
COUNTRIES COULD CONCEIVABLY JUSTIFY ON THE BASIS OF
THE DECLINE IN THE VALUE OF THE U.S. DOLLAR.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AMBASSADORS, VISITS, MEETING DELEGATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE197385
Document Source: CORE
Document Unique ID: 00
Drafter: IO/IEP:EBRUCE/AD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770299-1280
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770843/aaaabkbd.tel
Line Count: 485
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 910b0358-c288-dd11-92da-001cc4696bcc
Office: ORIGIN IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
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Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1546583
Secure: OPEN
Status: NATIVE
Subject: US-VENEZUELAN CONSULTATIONS ON NORTH-SOUTH ISSUES IN CONNECTION WITH AMBASSADOR YOUNG'S VISIT USUN REPEAT TO AMBASSADR WELLS.
TAGS: EGEN, VE, UN, ECOSOC
To: GENEVA
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/910b0358-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009